

*MAYOR WILLIE W. HERENTON'S*  
*FISCAL YEAR 2004 BUDGET ADDRESS*

*“Memphis: The Choice is Clear”*

Tuesday, April 15, 2003  
City Council Chambers

TO: CHAIRMAN TAYLOR, MEMBERS OF THE CITY COUNCIL, AND  
CITIZENS OF MEMPHIS, GOOD AFTERNOON.

I AM HONORED TO PRESENT THIS ADMINISTRATION'S PROPOSED CITY  
OF MEMPHIS OPERATING AND CAPITAL IMPROVEMENT BUDGETS FOR  
FISCAL YEAR 2004.

BEFORE MOVING ON TO THE CITY'S BUDGET ADDRESS, I WOULD  
FIRST LIKE TO THANK OUR LEGISLATIVE BODY FOR ANOTHER  
SUCCESSFUL YEAR OF WORKING VERY CLOSELY WITH THIS  
ADMINISTRATION. WE HAVE FORGED AN EFFECTIVE GOVERNANCE  
PARTNERSHIP THAT HAS SERVED MEMPHIS VERY WELL.

I WANT ALL THE COUNCIL MEMBERS TO KNOW THAT I, AS MAYOR,  
RESPECT YOUR ROLE AND APPRECIATE HOW WELL WE HAVE  
WORKED TOGETHER. MEMPHIANS CAN AND SHOULD BE PROUD OF  
OUR EFFECTIVENESS.

I WELCOME ALL THOSE JOINING TODAY'S BUDGET ADDRESS VIA  
LIVE BROADCAST OVER THE INTERNET, AT **CITYOFMEMPHIS.ORG**,  
OUR OFFICIAL WEB SITE.

I WANT TO ACKNOWLEDGE AND EXPRESS MY DEEPEST SUPPORT AND APPRECIATION TO ALL THE MEN AND WOMEN OF OUR U.S. ARMED FORCES FIGHTING IN THE MIDDLE EAST FOR OUR FREEDOM AND DEMOCRACY.

LET US UPLIFT OUR NATIONAL LEADERS, AND OUR SERVICE MEMBERS AND THEIR FAMILIES WITH WARM EXPRESSIONS OF GRATITUDE AND KEEP THEM IN OUR HEARTS AND PRAYERS.

I WOULD NOW LIKE TO TOUCH ON SOME OF OUR NOTABLE ACCOMPLISHMENTS OVER THE PAST YEAR.

FOR THE PAST 11 YEARS, THIS ADMINISTRATION HAS CONDUCTED A MEMPHIS CITIZEN POLL. THE POLL PROVIDES A FORUM FOR CITIZEN FEEDBACK REGARDING CITY OF MEMPHIS SERVICES AND PUBLIC ISSUES.

THE MAJOR FINDING OF THE 2003 MEMPHIS POLL IS THAT 82 PERCENT OF THE CITIZENS POLLED HAVE A POSITIVE VIEW OF CITY GOVERNMENT'S SERVICES AND PUBLIC POLICIES. THAT IS 8 OUT OF 10 RESPONDENTS—THAT IS AN OUTSTANDING APPROVAL RATING!

ANOTHER GREAT STATISTIC I WANT TO MENTION IS THAT, OVERALL, 75 PERCENT OF THE CITIZENS POLLED VOICED THEY HAD NO INTENTION OF MOVING FROM THE CITY IN THE NEXT TWO YEARS. FOR CITIZENS OF THIS GREAT CITY, MEMPHIS IS THE CLEAR CHOICE!

THE POLL ALSO REVEALED TRENDS THAT NEIGHBORHOOD AND SERVICE QUALITY REMAINED CONSISTENTLY HIGH AT 82 PERCENT DURING THE PAST THREE YEARS OF THE MEMPHIS POLL.

INTERESTINGLY, OUR CITIZEN'S PERCEPTION ABOUT QUALITY OF LIFE IN MEMPHIS HAS CONSISTENTLY IMPROVED DURING THE PAST THREE YEARS FROM 73 PERCENT IN 2001 TO 79 PERCENT IN 2003. THESE ARE VERY POSITIVE FINDINGS THAT SHOW THAT THERE IS ENORMOUS GOODWILL AMONG OUR CITY'S RESIDENTS ABOUT MEMPHIS AS A DESIRABLE PLACE TO LIVE.

CONSISTENT WITH RECENT YEARS, THIS YEAR'S MEMPHIS POLL ALSO REVEALED THAT CITIZENS VIEWED POLICE AND FIRE SERVICES, PUBLIC SCHOOLS, AND DISASTER AND DISEASE PLANNING AS THE MOST IMPORTANT CITY SERVICES.

CRIME PREVENTION WAS RANKED THE NUMBER ONE PRIORITY WITH 93 PERCENT OF POLLED CITIZENS NAMING IT AS THE MOST IMPORTANT COMPONENT IN OUR CITY'S QUEST FOR CONTINUED AND IMPROVED QUALITY OF LIFE.

THE HIGHEST RATED SERVICE AREAS INCLUDE: THE FIRE DIVISION; THREE PARKS DIVISION PROGRAMS CONSISTING OF THE BOTANIC GARDENS, PINK PALACE MUSEUM AND THE ZOO; THE PUBLIC LIBRARIES; THE PUBLIC WORKS DIVISION, FOR SANITATION PROMPTNESS; MLGW, FOR QUALITY OF DRINKING WATER AND COURTESY OF FIELD WORKERS; AND, THE HEALTH DEPARTMENT, FOR ITS VITAL RECORDS OFFICE.

NOW I WOULD LIKE TO PROVIDE SOME PREVAILING BUDGETARY BACKGROUND INFORMATION AND THEN HIGHLIGHT KEY FINANCIAL AND BUDGETARY ITEMS INCLUDED IN OUR PROPOSED BUDGET.

MEMPHIS HAS SUSTAINED STABLE FINANCIAL GROWTH DESPITE THE CURRENT DOWNTURN IN THE NATIONAL ECONOMY, THE STATE'S CURRENT REVENUE CRISIS AND THE RISING COUNTY DEBT.

AS EACH OF YOU KNOW, GOVERNOR PHIL BREDESEN HAS PROPOSED A NINE PERCENT CUT IN STATE-SHARED TAXES TO CITIES AND COUNTIES. THE IMPACT TO MEMPHIS IS A LOSS OF OVER \$7 MILLION IN STATE-SHARED REVENUES.

I NEED TO POINT OUT THAT DESPITE THE OBSTACLES AND FINANCIAL CHALLENGES WE FACE, WE WILL CONTINUE TO EFFICIENTLY MANAGE TAX DOLLARS THROUGHOUT THESE DIFFICULT TIMES.

A TESTAMENT TO OUR FISCAL PRUDENCE IS THE FACT THAT THE CITY OF MEMPHIS HAS RAISED TAXES ONLY ONCE IN THE PAST TEN YEARS, AND WE PROPOSE NO INCREASE IN TAXES FOR FISCAL YEAR 2004!

AGAIN, NO TAX INCREASE IS NEEDED TO BALANCE THIS PROPOSED BUDGET! IN ADDITION, WE PLAN TO CONTINUE TO IMPROVE AND ENHANCE SERVICE DELIVERY CAPABILITIES IN MOST AREAS.

FOR FISCAL YEAR 2004, THIS ADMINISTRATION PROPOSES A \$482 MILLION OPERATING BUDGET AND A \$1.1 BILLION FIVE-YEAR CAPITAL IMPROVEMENT PLAN, WITH \$144 MILLION CAPITAL EXPENDITURES PLANNED FOR FY 2004.

OUR BUDGET INCLUDES THE USE OF \$4.5 MILLION OF GENERAL FUND RESERVES AND A RE-ALLOCATION OF THE TAX RATE, BY SHIFTING SIX CENTS FROM MEMPHIS CITY SCHOOLS, BACK TO THE GENERAL FUND. I WILL SPEAK MORE ON SCHOOLS LATER IN MY PRESENTATION.

MEMPHIS CONTINUES TO HOLD A DOUBLE-A BOND CREDIT RATING FROM ALL THE MAJOR NEW YORK RATING AGENCIES. THIS IS A SIGNIFICANT ACCOMPLISHMENT AND PROOF OF OUR FISCAL HEALTH. I AM TRULY PROUD OF OUR FISCAL ACCOMPLISHMENTS AND WANT TO THANK THE DIRECTOR OF FINANCE JOSEPH LEE AND HIS OUTSTANDING STAFF FOR THE EXCELLENT WORK THEY DO.

WE ALSO HAVE AN IMPRESSIVE \$69 MILLION IN OUR FUND BALANCE RESERVES AND CONTINUE TO DEMONSTRATE SOUND FINANCIAL MANAGEMENT PRACTICES AS WE PURSUE EFFORTS TO ACHIEVE A BOND RATING UPGRADE TO DOUBLE-A PLUS.

FISCALLY, THIS CITY IS IN A MUCH STRONGER POSITION THAN IT WAS WHEN I CAME INTO OFFICE ABOUT 12 YEARS AGO. I AM VERY PROUD OF THE ECONOMIC PROSPERITY WE HAVE ENJOYED. DESPITE TODAY'S DISMAL ECONOMIC CLIMATE, I AM OPTIMISTIC THAT OUR LONG-TERM FISCAL OUTLOOK REMAINS BRIGHT.

ANOTHER HALLMARK OF ECONOMIC PROSPERITY IS CAPITAL INVESTMENT. OVER THE PAST SIX YEARS, WE HAVE GARNERED MORE CAPITAL INVESTMENT IN MEMPHIS THAN NASHVILLE, CHATTANOOGA AND KNOXVILLE COMBINED.

DURING 2002, MORE THAN \$1 BILLION WAS INVESTED IN THE MEMPHIS METROPOLITAN AREA BY PRIVATE BUSINESSES AND MORE THAN 8,300 NEW JOBS WERE CREATED.

MEMPHIS WAS RANKED FIFTH IN THE NATION FOR TOP METRO AREAS FOR NEW AND EXPANDED FACILITIES IN THE U.S. BY SITE SELECTION MAGAZINE, THE OFFICIAL PUBLICATION OF THE INDUSTRIAL ASSET MANAGEMENT COUNCIL.

AS WE REFLECT ON OUR MANY ACCOMPLISHMENTS, WE ARE PARTICULARLY PROUD OF THE EFFORTS THAT HAVE BEEN MADE TO PROMOTE THE MID-SOUTH.

HOSTING THE LENNOX LEWIS - MIKE TYSON CHAMPIONSHIP FIGHT IN MEMPHIS LAST JUNE WAS A MAJOR ACCOMPLISHMENT FOR OUR CITY.

MEDIA AND FANS GATHERED FROM AROUND THE WORLD TO WATCH LEWIS AND TYSON FIGHT FOR THE HEAVYWEIGHT TITLE. NOT ONLY DID THEY SEE A THRILLING SPORTING EVENT, THEY ALSO ENJOYED OUR GREAT CITY'S WONDERFUL CULTURE TO THE TUNE OF MORE THAN \$10 MILLION IN LOCAL SPENDING ON HOTELS, RESTAURANTS AND CITY ATTRACTIONS. THE WORLDWIDE PUBLICITY GENERATED BY THIS HEAVYWEIGHT CHAMPIONSHIP WAS PRICELESS.

OUR CITY SHINED SO BRIGHTLY THAT MEMPHIS WAS THE CLEAR CHOICE TO HOST A SECOND HEAVYWEIGHT FIGHT, TYSON VS. ETIENNE. WE FULLY EXPECT OUR GREAT CITY TO BE THE CITY OF CHOICE FOR FUTURE MAJOR SPORTING EVENTS.

ANOTHER SOURCE OF COMMUNITY PRIDE IS OUR NBA TEAM, THE MEMPHIS GRIZZLIES, WHICH IS IN ITS SECOND SEASON.

LAST YEAR, WE BROKE GROUND ON THE LARGEST PUBLIC PROJECT IN THE HISTORY OF MEMPHIS. THE NEW HOME OF THE MEMPHIS GRIZZLIES, THE FedExForum, IS BEING ERECTED NEAR BEALE STREET TO REINFORCE THE RENAISSANCE OF DOWNTOWN AND THIS HISTORICAL ENTERTAINMENT DISTRICT.

CONSTRUCTION OF THIS WORLD-CLASS FACILITY IS ON SCHEDULE AND WITHIN BUDGET. MOREOVER, I AM HAPPY TO SAY THAT MINORITY, WOMEN AND LOCALLY OWNED BUSINESSES WILL PLAY A SUBSTANTIAL ROLE IN THIS \$250 MILLION PROJECT.

THERE IS MORE THAN \$2 BILLION IN ONGOING COMBINED PUBLIC AND PRIVATE CAPITAL IMPROVEMENTS IN DOWNTOWN MEMPHIS—A TRULY REMARKABLE ECONOMIC DEVELOPMENT ACHIEVEMENT!

TWELVE YEARS AGO, NO ONE ENVISIONED THAT WE WOULD HAVE MORE PEOPLE LIVING AND WORKING IN DOWNTOWN MEMPHIS THAN EVER BEFORE. TODAY, THERE IS A VARIETY OF MULTI-FAMILY AND SINGLE-FAMILY HOMES IN THE DOWNTOWN AREA THAT HOUSE MORE THAN 11,000 RESIDENTS, THE LARGEST DOWNTOWN

POPULATION IN OUR MODERN HISTORY.

ONE OF DOWNTOWN'S CROWN JEWELS IS ST. JUDE CHILDREN'S RESEARCH HOSPITAL, WHICH IS IN THE MIDST OF AN ONGOING BILLION DOLLAR EXPANSION. THIS DEVELOPMENT WILL ADD NEARLY 1,000 NEW JOBS. MEMPHIS: THE CHOICE IS CLEAR.

DOWNTOWN NOW HAS AN ELEMENTARY SCHOOL—A FACT THAT FEW, IF ANY OTHER MAJOR CITIES, CAN CLAIM. AND, MORE DEVELOPMENT IS UNDERWAY. THIS IS TRULY A HISTORIC TIME IN MEMPHIS.

DESPITE THIS TOUGH ECONOMIC PERIOD, MANY OF OUR BUSINESSES AND MAJOR CORPORATIONS ARE FLOURISHING. FEDEX CORPORATION CONTINUES TO EXPAND. ALSO, INTERNATIONAL PAPER, CORP., HAS CHOSEN TO BUILD ITS THIRD OFFICE TOWER IN MEMPHIS, RATHER THAN EXPANDING IN A PEER CITY. TO THESE BUSINESSES, MEMPHIS IS THE CLEAR CHOICE.

A KEY TO THE CONTINUED PROGRESSION OF A METROPOLITAN CITY IS AN EFFECTIVE, WELL-INTEGRATED TRANSPORTATION SYSTEM. THE CITY OF MEMPHIS HAS A FIVE-YEAR CIP COMMITMENT OF \$20 MILLION FOR MATA AND WILL PROVIDE \$13 MILLION IN OPERATIONAL FUNDING.

WITH ONGOING EXPANSIONS THROUGHOUT THE HIGHWAY SYSTEM IN MEMPHIS, WE WILL FURTHER ENHANCE PUBLIC TRANSPORTATION WITH OUR NEW MATA LIGHT-RAIL CONNECTIONS FROM DOWNTOWN TO THE MIDTOWN MEDICAL CENTER. ULTIMATELY, THE LIGHT-RAIL



SYSTEM WILL BE EXPANDED TO PROVIDE SERVICE TO THE MEMPHIS INTERNATIONAL AIRPORT.

INCREASED TRANSPORTATION ALTERNATIVES OFFER CAPACITY FOR FUTURE GROWTH. AS WE GROW, ENVIRONMENTAL AIR QUALITY WILL CONTINUE TO BE IMPORTANT. THEREFORE, WE ARE CONTINUING WITH FUNDING FOR A NEW MOTOR VEHICLE INSPECTION STATION.

MEMPHIS IS BREAKING NEW GROUND IN THE BUSINESS ARENA. THE MEMPHIS BIOTECH FOUNDATION AND BIOMEDICAL RESEARCH ZONE WAS FORMED TO SPEARHEAD RESEARCH, DEVELOPMENT AND ADVANCEMENT OF THE BIOTECHNOLOGY INDUSTRY IN MEMPHIS.

THE CIP INCLUDES A TOTAL OF \$5 MILLION FOR THE BIOTECH FOUNDATION, OVER A THREE-YEAR PERIOD, FOR THE DEVELOPMENT OF A BIOTECH RESEARCH CENTER AT THE OLD BAPTIST MEMORIAL HOSPITAL SITE IN THE MIDTOWN MEDICAL CENTER AREA.

MEMPHIS IS BECOMING MORE INTERNATIONALLY RECOGNIZED. IN ADDITION TO OUR RECENT INTERNATIONAL SPORTING EVENT, LAST YEAR, THE PEOPLE'S REPUBLIC OF CHINA MADE A CLEAR CHOICE WHEN IT CHOSE THE MEMPHIS ZOO AS ONE OF ONLY FOUR ZOOS IN THE NATION TO RECEIVE RARE GIANT PANDAS FOR EXHIBIT.

I AM EXCITED TO ANNOUNCE THAT THE TWO GIANT PANDAS -- YA YA (YUH-YUH), A FEMALE FROM BEIJING, AND LE LE (LUH-LUH), A MALE FROM SHANGHAI, WILL MAKE THEIR DEBUT IN THE ZOO'S NEW CHINA EXHIBIT ON APRIL 25TH.

THE LONG-ANTICIPATED PANDAS WILL PUT MEMPHIS IN ELITE COMPANY WITH SAN DIEGO, ATLANTA AND WASHINGTON D.C., AS THE ONLY U.S. CITIES WHERE GIANT PANDAS ARE ON PERMANENT DISPLAY. FEWER THAN TWENTY ZOOS OUTSIDE CHINA DISPLAY THIS ENDANGERED SPECIES. THE PANDAS HAVE INDEED PROPELLED THE MEMPHIS ZOO TO WORLD-CLASS STATUS. MEMPHIS: THE CHOICE IS CLEAR.

WE RECENTLY OPENED OUR EXPANDED COOK CONVENTION CENTER AND ITS CENTERPIECE, THE CANNON CENTER FOR THE PERFORMING ARTS. THE CANNON CENTER IS AN EXCEPTIONAL FACILITY WITH BEAUTY AND ACOUSTICS THAT RIVAL CARNEGIE HALL. THIS STATE-OF-THE-ART FACILITY SHOULD ENABLE MEMPHIS TO COMPETE FOR ‘TOP-DRAW’ PERFORMANCES FOR MANY YEARS TO COME.

MOVING ON TO OUR NEIGHBORHOODS: OUR RECENT HOUSING AND COMMUNITY DEVELOPMENT EFFORTS ARE THE LYNCHPIN OF WHAT I CALL THE “**DECADE OF NEIGHBORHOODS.**”

THIS ADMINISTRATION, WITH THE SUPPORT OF THIS COUNCIL, HAS AGGRESSIVELY TARGETED NEIGHBORHOODS AND DEVOTED RESOURCES TO REVITALIZE THESE AREAS.

WE CONTINUE TO MAKE FAVORABLE PROGRESS IN MAINTAINING AND BUILDING STRONG NEIGHBORHOODS. THE CIP BUDGET INCLUDES FUNDING FOR NEIGHBORHOOD STRATEGY IMPROVEMENTS, INCLUDING COMMERCIAL REVITALIZATION AND ABANDON STRUCTURE DEMOLITION AND REMOVAL.

IN THE HOUSING AND COMMUNITY DEVELOPMENT DIVISION, WE HAVE HAD TREMENDOUS SUCCESS WITH VARIOUS TYPES OF PROGRAMS, DESIGNED TO ENCOURAGE AND REMOVE BARRIERS TO HOME OWNERSHIP.

DURING THE PAST TEN YEARS, WE HAVE HELPED MORE THAN 11,000 FAMILIES PURCHASE HOMES THROUGH OUR VARIOUS HOME OWNERSHIP ASSISTANCE PROGRAMS. WE WILL CONTINUE THESE EFFORTS.

THE MEMPHIS HOUSING AUTHORITY HAS DEVELOPED A \$270 MILLION VISIONARY MASTER PLAN, WHICH PROVIDES AN EXTENSIVE, LONG-TERM AND HIGHLY PROGRESSIVE RE-DEVELOPMENT STRATEGY FOR ALL CITY PUBLIC HOUSING PROJECTS.

ALSO, EFFORTS ARE WELL UNDERWAY TO RADICALLY TRANSFORM THE FACADES OF ALL PUBLIC HOUSING PROJECTS, SUCH AS DIXIE HOMES, CLEABORN HOMES, FOWLER HOMES, HORNLAKE HEIGHTS, HAWKINS MILL, AND THE OTHER PUBLIC HOUSING DEVELOPMENTS.

ALL OF THESE HOUSING EFFORTS SERVE TO STRENGTHEN NEIGHBORHOODS, GROW THE TAX BASE, AND ADD TO RESIDENTIAL DEVELOPMENT WHILE ASSISTING AND PROVIDING CITIZENS WITH AFFORDABLE HIGH-QUALITY HOUSING OPTIONS.

WE ARE CONTINUING OUR SUPPORT OF COMMUNITY DEVELOPMENT CORPORATIONS. THESE ORGANIZATIONS ARE OUR PARTNERS IN

NEIGHBORHOOD REVITALIZATION FOR ORANGE MOUND, FRAYSER, VOLLINTINE-EVERGREEN, WHITEHAVEN, COOPER-YOUNG, CENTRAL GARDENS, GLENVIEW, LEMOYNE-OWEN AND OTHER PARTS OF THE CITY.

WE NEED TO DO ALL WE CAN TO INCREASE THEIR ABILITY TO MAKE SUBSTANTIVE CONTRIBUTIONS TO OUR EFFORTS TO BRING RENEWED ECONOMIC AND RESIDENTIAL LIFE BACK INTO MEMPHIS NEIGHBORHOODS.

IN ADDITION TO BUILDING NEW HOUSES, REVITALIZING SMALL BUSINESSES AND SUPPORTING HOME OWNERSHIP, WE WILL CONTINUE TO FUND AREAS LIKE LITTER CONTROL, VACANT LOT CLEAN-UPS, AND CODE ENFORCEMENT RELATED EFFORTS.

WE HAVE AGGRESSIVELY TARGETED NEIGHBORHOODS AND DEVOTED SUBSTANTIAL RESOURCES TO REVITALIZE THESE AREAS. MUCH OF OUR BUDGET IS DEDICATED TO REVITALIZE AND ENERGIZE NEIGHBORHOODS THAT HAVE FALLEN TO DECAY AND NEGLECT AND TRANSFORM THEM INTO COMMUNITIES OF VITALITY AND GROWTH.

THE NEW COLLEGE PARK DEVELOPMENT THAT REPLACED THE OLD LEMOYNE GARDENS HOUSING PROJECTS IS NOW A REALITY. THE COLLEGE PARK COMMUNITY PROVIDES ATTRACTIVE, HIGH QUALITY AFFORDABLE HOUSING AND REPRESENTS A NEW ERA IN PUBLIC HOUSING DEVELOPMENT IN MEMPHIS.

WE ARE APPROACHING ACTIVE STAGES OF MAJOR DEVELOPMENT WITHIN THE UPTOWN REVITALIZATION AREA. THE UPTOWN REVITALIZATION INITIATIVE IS ONE OF MEMPHIS' MOST AMBITIOUS INNER-CITY REDEVELOPMENT PROGRAMS.

BY UTILIZING A \$35 MILLION GRANT FROM THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, PLUS \$158 MILLION IN LOCAL PUBLIC AND PRIVATE FUNDING, WE WILL BUILD A MIXED-INCOME NEIGHBORHOOD OF 1,151 UNITS, OF WHICH MORE THAN 300 WILL BE SOLD AS SINGLE-FAMILY HOMES.

UPTOWN IS JUST ONE SHINING EXAMPLE OF HOW WE ARE MAKING GOOD ON OUR PROMISES TO THE CITIZENS OF MEMPHIS.

THIS PROJECT INCLUDES THE HISTORIC REHABILITATION OF THE VACANT, DISTRESSED LAUDERDALE COURTS HOUSING PROJECT AND THE COMPLETE RE-DEVELOPMENT OF HURT VILLAGE, WHICH WILL BE MARKETING TO RENTERS AND POTENTIAL HOME OWNERS WITH A RANGE OF INCOMES.

THE UPTOWN HOUSING EFFORTS WILL STRENGTHEN OUR NORTHERN DOWNTOWN CORRIDOR AND ENHANCE OUR OVERALL HOUSING OPTIONS.

IN ADDITION TO CONDUCTING NUMEROUS PUBLIC FORUMS AND MEETINGS, WE HAVE MADE SUBSTANTIAL PROGRESS IN OUR USE OF TECHNOLOGY TO COMMUNICATE TO CITIZENS AND BUSINESSES.

FOR EXAMPLE, CITIZENS CAN GO ONLINE TO THE CITY'S WEB-SITE AND CONDUCT E-COMMERCE ACTIVITIES SUCH AS PAYING TAX BILLS WITH CREDIT CARDS AND E-CHECKS OR BIDDING FOR REAL-ESTATE PROPERTIES OFFERED BY THE CITY OF MEMPHIS FOR TAX SALE. THESE ARE JUST A FEW EXAMPLES OF HOW WE ARE ENHANCING OPERATIONS BY EXPANDING TECHNOLOGY.

MOREOVER, WE ARE IN THE FINAL STAGES OF IDENTIFYING NEW INTEGRATED SYSTEMS AND APPLICATIONS TECHNOLOGY FOR A COMPREHENSIVE FINANCIAL AND HUMAN RESOURCES SYSTEM.

WE WILL ALSO FORGE WORKING RELATIONSHIPS WITH THE NEW FEDEX TECHNOLOGY INSTITUTE AT THE UNIVERSITY OF MEMPHIS FOR POTENTIAL LEADING-EDGE TECHNOLOGY OPPORTUNITIES, SUCH AS GLOBAL POSITIONING SYSTEMS AND FUTURE MUNICIPAL SERVICE TECHNOLOGIES. THE CITY, WITH COUNCIL APPROVAL, PROVIDED SUBSTANTIAL CAPITAL FUNDING FOR THE NEW INSTITUTE.

IT IS CLEAR THAT OUR FUNCTIONAL CAPABILITIES AND EXPOSURE TO MEMPHIS AND THE WORLD WILL BE ENHANCED SUBSTANTIALLY AS WE INTEGRATE MORE CUTTING-EDGE TECHNOLOGY AND E-COMMERCE INTO OUR OPERATIONS.

OUR TOP-RATED DIVISION, FIRE SERVICES, WHICH ACCOUNTS FOR 21 PERCENT OR \$100 MILLION OF OUR GENERAL FUND SPENDING, INCLUDES NEW FIRE STATIONS FOR MID-TOWN AND COUNTRYWOOD.

POLICE SERVICES, ANOTHER CRITICAL PUBLIC SAFETY DIVISION, REMAINS THE LARGEST SINGLE EXPENDITURE FROM THE GENERAL

FUND BUDGET AT \$165 MILLION OR 34 PERCENT OF THE TOTAL OPERATING BUDGET. MOREOVER, DURING FY 2004, WE PLAN TO ADD AN ADDITIONAL 180 NEW POLICE OFFICERS.

THE CIP INCLUDES FUNDING FOR A NEW SOUTHEAST PRECINCT AND POLICE HELICOPTER. THE CENTRAL PRECINCT IS UNDER CONSTRUCTION AND WE ARE CONTINUING WITH THE RE-DEVELOPMENT OF THE OLD POLICE HEADQUARTERS BUILDING ON ADAMS STREET, ADJACENT TO THE FIRE MUSEUM.

THE RE-DEVELOPED POLICE HEADQUARTERS WILL PROVIDE NEW OPERATIONAL FACILITIES FOR THE POLICE COMMAND STAFF, CITY COURTS AND CITY COURT CLERK'S OFFICES.

WE ARE ALSO INVOLVED IN JOINT CITY-COUNTY EFFORTS TO PROVIDE SUBSTANTIAL IMPROVEMENTS TO EXISTING EMERGENCY COMMUNICATIONS SYSTEMS WITHIN MEMPHIS AND SHELBY COUNTY.

PROVIDING OUR YOUTH WITH THE OPPORTUNITY TO PLAY A RESPONSIBLE, CONTRIBUTING ROLE IN OUR CITY CONTINUES TO BE OF HIGH IMPORTANCE TO THIS ADMINISTRATION. I AM CONVINCED THAT OUR SUMMER YOUTH INITIATIVE IS BUILDING A STRONGER FUTURE FOR OUR CITY.

THEREFORE, WE PROPOSE CONTINUING OUR SUPPORT OF THE SUMMER YOUTH INITIATIVE BY EMPLOYING APPROXIMATELY 2,000 YOUNG PEOPLE IN JOBS RANGING FROM PARKS DIVISION SUMMER

CAMP ASSISTANTS TO JOBS IN HUMAN RESOURCES, LAW, FINANCE AND OTHER CITY DIVISIONS.

WE MUST CONTINUE TO MAKE OUR YOUTH A PART OF ALL THE POSITIVE ACTIVITIES IN THIS COMMUNITY, AS OFTEN AND AS FULLY AS POSSIBLE.

ANOTHER ONE OF OUR HIGHLY SUCCESSFUL INITIATIVES IS **THE MEMPHIS SECOND CHANCE PROGRAM**. THIS PROGRAM PROVIDES SECOND CHANCE JOB OPPORTUNITIES TO PERSONS WITH ONE FELONY CONVICTION WHO MEET PROGRAM REQUIREMENTS AND DISPLAY A STRONG DESIRE TO BECOME A PRODUCTIVE CITIZEN.

SINCE ITS ENCEPTION IN 2001, WE HAVE SUCCESSFULLY PLACED 240 SECOND CHANCE PARTICIPANTS IN JOBS WITH MEANINGFUL EMPLOYMENT THROUGHOUT THE MEMPHIS AREA. MOREOVER, THERE ARE 31 CANDIDATES SCHEDULED FOR THE UPCOMING GRADUATION IN MAY. THIS PROGRAM IS A TREMENDOUS BENEFIT TO OUR CITY, AS IT OFFERS THE VITAL SECOND CHANCE OPPORTUNITY NEEDED BY SOME OF OUR CITIZENS WHO CAN BECOME SUCCESSFUL MEMBERS OF THIS GREAT CITY.

WE CONTINUE TO VALUE THE MANY COMMUNITY NON-PROFIT ORGANIZATIONS THAT PROVIDE VITAL SERVICES FOR OUR YOUTH, ELDERLY, DISADVANTAGED AND MANY OTHERS. HOWEVER, TOTAL FUNDING FOR THESE SERVICE PROVIDERS WILL BE AT REDUCED LEVELS AS COMPATED TO LAST YEAR'S BUDGET.



THE VISUAL BEAUTY OF OUR CITY IS ESSENTIAL TO QUALITY OF LIFE. THEREFORE, WE HAVE INCLUDED APPROPRIATE FUNDING TO COMPLEMENT THE CITY'S URBAN ART ORDINANCE.

CONSISTENT WITH LAST YEAR, WE HAVE COMMITTED \$9 MILLION FOR STREET PAVING OF MEMPHIS CITY STREETS AND \$2.2 MILLION FOR THE A.D.A. WHEEL-CHAIR RAMP PROGRAM.

A NEW BRANCH LIBRARY IS INCLUDED IN THE CIP FOR WHITEHAVEN AND THE HOLLYWOOD BRANCH WILL BE EXPANDED.

OUR NEWEST COMMUNITY CENTER, HICKORY HILL, WHICH OPENED A MONTH AGO, IS AN EXCEPTIONAL FACILITY WITH FIRST-CLASS SPORTING AMENITIES FOR BASKETBALL, TRACK, WEIGHT TRAINING, SWIMMING AND OTHER ACTIVITIES. IT IS THE MOST COMPREHENSIVE COMMUNITY CENTER IN THE CITY OF MEMPHIS AND WILL SERVE AS A MODEL FOR FUTURE LARGE COMMUNITY CENTER PROJECTS.

NEW COMMUNITY CENTERS PLANNED FOR FY 2004, INCLUDE WHITEHAVEN AND RIVERVIEW, WITH SWIMMING POOLS PLANNED FOR WHITEHAVEN AND CORVODA.

WORK WILL SOON BEGIN ON THE ORANGE MOUND COMMUNITY SERVICE CENTER, WHICH WILL ALSO INCLUDE AN INDOOR SWIMMING POOL AND SENIOR CENTER.

DURING FISCAL YEAR 2004, WE PLAN TO CONDUCT ABOUT 30 CITY PARK PLAYGROUND RENOVATIONS. UPON COMPLETION OF THESE

RENOVATIONS, WE WOULD HAVE FULLY RENOVATED ALL 107 PLAYGROUNDS IN THE CITY'S PARK SYSTEM DURING THIS ADMINISTRATION.

THIS PROPOSED CIP BUDGET INCLUDES \$2.2 MILLION FOR IMPROVEMENTS TO LIBERTY BOWL STADIUM, ALONG WITH FUNDING FOR WONDERS INTERNATIONAL CULTURAL SERIES, THE CHILDREN'S MUSEUM OF MEMPHIS.

WE HAVE ALSO PROPOSED \$4 MILLION IN FUNDING FOR THE HEALTH DEPARTMENT'S FORENSIC CENTER, ALONG WITH \$11 MILLION IN OPERATIONAL FUNDING. AND, \$13 MILLION IN FUNDING IS ALLOCATED FOR OUR PUBLIC LIBRARIES.

RIVERFRONT DEVELOPMENT ACTIVITIES ARE CONTINUING. WITH RECENT COMPLETION OF THE RIVERSIDE DRIVE PARKWAY, MEMPHIS CAN BE ASSURED THAT ITS RIVERFRONT IS BEING TRANSFORMED INTO A VIBRANT, WORLD-CLASS WATERFRONT ENTERTAINMENT CENTER. WE WILL SOON BE RECEIVING PROPOSALS FROM AROUND THE WORLD FOR THE DEVELOPMENT OF THE BEALE STREET LANDING PHASE OF OUR RIVERFRONT.

THE FIVE-YEAR CIP INCLUDES MORE THAN \$100 MILLION FOR RIVERFRONT DEVELOPMENT, WITH ABOUT \$34 MILLION IN G.O. BONDS.

FOR THE 22<sup>ND</sup> CONSECUTIVE YEAR, OUR SEWER FEES CONTINUE TO BE THE LOWEST AMONG THE NATION'S 150 LARGEST CITIES. AGAIN, WE

WILL NOT INCREASE SEWER FEES FOR MEMPHIS CITIZENS AND BUSINESSES DURING FISCAL YEAR 2004.

HOWEVER, CITIZENS OF GERMANTOWN AND BARTLETT WILL NOW PAY HIGHER SEWER FEES. IF YOU RECALL, LAST YEAR WE ENGAGED IN RATE DISCUSSIONS WITH OUR NEIGHBORING SUBURBS AND CONSIDERED ADJUSTMENTS IN THEIR SUBURBAN SEWER SERVICE FEES, WHICH WERE LAST ADJUSTED OVER 15 YEARS AGO.

I AM DELIGHTED TO REPORT THAT THE CITY OF MEMPHIS HAS ENTERED INTO NEW AGREEMENTS THAT INCREASED SEWER SERVICE RATES FOR GERMANTOWN AND BARTLETT. WE BELIEVE THESE AGREEMENTS ARE ADEQUATE AND WILL MORE EQUITABLY COMPENSATE THE CITY FOR ITS VALUABLE SEWER SERVICES.

MOREOVER, AS PART OF OUR AGREEMENT, MEMPHIS WILL RECEIVE LUMP-SUM PAYMENTS TOTALING \$2.3 MILLION AND \$524,000 FROM GERMANTOWN AND BARTLETT, RESPECTIVELY.

THESE ADJUSTMENTS WERE LONG OVERDUE AND WILL MORE PROPORTIONATELY BALANCE COSTS OF CITY AND NON-CITY SEWER CUSTOMERS. FINALLY, WE ANTICIPATE FAVORABLE RESULTS AS WE PURSUE NEW SEWER AGREEMENTS WITH SEVERAL OTHER MUNICIPALITIES.

NOW, I WANT TO TOUCH ON SOME CHALLENGING ISSUES THAT WILL REQUIRE STRONG, VISIONARY AND COMMITTED LEADERSHIP TO MOVE THIS GREAT METROPOLITAN AREA TO THE NEXT LEVEL OF

GROWTH AND PROGRESS.

BOTH STATE AND COUNTY GOVERNMENTS WILL POSE A THREAT TO MEMPHIS' FUTURE UNLESS LEADERS WHO HAVE VISION AND POLITICAL COURAGE COMMIT TO CHANGE.

THE STATE LEGISLATURE MUST ULTIMATELY ADDRESS STATE REVENUE OR TAX REFORM. THIS IS ESSENTIAL IF WE ARE TO BECOME MORE COMPETITIVE WITH STATES THAT BORDER TENNESSEE.

UNTIL STATE REVENUE REFORM IS FULLY ADDRESSED, WE WILL CONTINUE TO EXPERIENCE SUBSTANTIAL REVENUE LEAKAGE TO MISSISSIPPI, ARKANSAS AND OTHER AREAS. THIS, DURING A TIME WHILE OUR STATE-SHARED REVENUES ARE SHRINKING.

ANOTHER HUGE CHALLENGE FACING OUR COMMUNITY IS SCHOOL REFORM. THE TWO COMPETING SCHOOL SYSTEMS IN MEMPHIS AND SHELBY COUNTY POSE A GRAVE IMPEDIMENT TO THE ECONOMIC FUTURE OF ALL SHELBY COUNTIANS, OF WHICH ABOUT 70% ARE MEMPHIANS. THESE TWO SYSTEMS ARE COSTING MEMPHIS CITIZENS HUNDREDS OF MILLIONS OF EXCESS DOLLARS.

THERE SHOULD BE NO QUESTION AS TO MY COMPASSION, COMMITMENT, SUPPORT AND DESIRE FOR QUALITY AND COST-EFFECTIVE PUBLIC EDUCATION FOR OUR CHILDREN. INDEED, I HAVE DEDICATED MORE THAN 30 YEARS OF MY LIFE TO PUBLIC EDUCATION.

MOREOVER, DURING THE PAST 11 YEARS, THIS ADMINISTRATION, WITH CITY COUNCIL'S APPROVAL, HAS PROVIDED UNPRECEDENTED LEVELS OF CAPITAL FUNDING TO MEMPHIS CITY SCHOOLS OF ABOUT \$175 MILLION.

NO OTHER ADMINISTRATION IN THIS CITY'S HISTORY HAS PROVIDED MORE FINANCIAL SUPPORT TO MEMPHIS CITY SCHOOLS. THIS FUNDING WAS NOT MANDATED OR LEGALLY REQUIRED. IT WAS PROVIDED OUT OF THE CITY'S COMMITMENT TO EDUCATION AND CONCERN FOR CITY SCHOOLS. HOWEVER, I SHOULD NOTE THAT SHELBY COUNTY HAS THE SOLE LEGAL RESPONSIBILITY FOR EDUCATION OF ALL CHILDREN IN MEMPHIS AND SHELBY COUNTY.

PRESENTLY, THERE ARE SERIOUS CONCERNS ABOUT THE EFFECTIVE AND EFFICIENT USE OF RESOURCES IN THE MEMPHIS CITY SCHOOL SYSTEM. A REVIEW OF THE RECENT CITY SCHOOLS 'M.G.T. REPORT' PROVIDES RECOMMENDATIONS THAT, IF IMPLEMENTED, WILL GIVE SUBSTANTIAL COSTS SAVINGS TO THE CITY SCHOOLS.

IN FACT, THE REPORT SUGGEST THAT MEMPHIS CITY SCHOOLS CAN SAVE \$114 MILLION OVER FIVE YEARS AND OFFERS RECOMMENDATIONS THAT WILL PROVIDE NEARLY \$7.5 MILLION OF SAVINGS IN THE FIRST YEAR.

WHILE WE HAVE NO DIRECT MANAGEMENT CONTROL OVER CITY SCHOOLS, IT IS IMPERATIVE THAT FINANCIAL RESOURCES OF MEMPHIS CITIZENS BE USED EFFECTIVELY AND RESPONSIBLY.

MY CONCERN IS THAT MEMPHIANS PAY BOTH CITY AND COUNTY PROPERTY TAXES AT A COMBINED TAX RATE THAT IS SUBSTANTIALLY HIGHER THAN ALL OTHER TAXPAYERS IN SHELBY COUNTY. WHILE THIS INEQUITY MUST BE ADDRESSED, IT IS PARAMOUNT THAT THESE LIMITED TAX RESOURCES BE USED PRUDENTLY AND EFFECTIVELY.

IN OUR EFFORTS OF RESPONSIBLE FISCAL MANAGEMENT AND GIVEN THE CURRENT ECONOMIC CLIMATE OF REDUCED REVENUES, ALL CITY DIVISIONS HAVE HAD TO MANAGE AND ESTABLISH EFFICIENT AND EFFECTIVE BUDGETS WITHIN THE PREVAILING REVENUE CONSTRAINTS.

GIVEN CONCERNS ABOUT CITY SCHOOLS FISCAL MANAGEMENT AND INEFFICIENT USE OF FINANCIAL RESOURCES, AND THE FACT THAT CLEAR REVENUE SAVINGS OPPORTUNITIES HAVE BEEN PRESENTED TO CITY SCHOOLS, THIS ADMINISTRATION IS PROPOSING A REDUCTION IN THE CURRENT SCHOOLS TAX ALLOCATION FROM 86 CENTS TO 80 CENTS OR APPROXIMATELY \$5.6 MILLION.

I HAVE GREAT COMPASSION FOR PROVIDING COSTS EFFECTIVE EDUCATION FOR ALL OUR CHILDREN. HOWEVER, I AM EQUALLY COMPASSIONATE ABOUT ELIMINATING WASTE AND MIS-MANAGEMENT OF OUR PRECIOUS FISCAL RESOURCES.

LAST YEAR, I WAS SELECTED AS THE 2003 MUNICIPAL LEADER OF THE YEAR BY AMERICAN CITY AND COUNTY MAGAZINE. I WANT TO

EXPRESS MY APPRECIATION TO COUNCILWOMEN MITCHELL FOR NOMINATING ME FOR THIS AWARD.

I WAS GREATLY HONORED, YET HUMBLLED BY THIS RECOGNITION. I WAS HUMBLLED BECAUSE I KNEW THAT SUCH AN HONOR WOULD NOT BE POSSIBLE WERE IT NOT FOR OUR TEAM OF HARDWORKING, DEDICATED AND COMMITTED EMPLOYEES.

EACH OF OUR EMPLOYEES PLAYS A MAJOR ROLE IN OUR SUCCESS AND WE IMMENSELY VALUE THEIR CONTRIBUTIONS. WE COULD NOT ACCOMPLISH OUR MISSION OF PROVIDING COST EFFECTIVE AND RESPONSIVE QUALITY SERVICES WITHOUT OUR DEDICATED AND COMMITTED CITY EMPLOYEES.

THEREFORE, DESPITE THESE DIFFICULT ECONOMIC TIMES, OUR BUDGET PROPOSES A THREE PERCENT SALARY INCREASE FOR ALL CITY EMPLOYEES, BEGINNING JULY 1, 2003.

WE CONTINUE TO VALUE OUR RETIREES AND HOLD IN HIGH REGARD THE SERVICE CONTRIBUTIONS THEY PROVIDED TO THIS GREAT CITY. FOR THE 17<sup>TH</sup> CONSECUTIVE YEAR, WE WILL PROVIDE A COST OF LIVING ADJUSTMENT FOR ALL CITY RETIREES.

WHILE WE CANNOT ACCURATELY PREDICT WHEN THE ECONOMY WILL IMPROVE OR FORECAST WHEN OR HOW THE STATE WILL RESOLVE ITS REVENUE CRISIS, WE HAVE COMPILED A BALANCED BUDGET THAT, IN THE CONTEXT OF OUR NATIONAL, STATE AND

LOCAL ECONOMIC ENVIRONMENTS, IS COMPREHENSIVE, PRUDENT AND FISCALLY RESPONSIBLE.

I PRESENT TO YOU FOR REVIEW, APPROVAL AND ADOPTION THIS ADMINISTRATION'S PROPOSED OPERATING AND CAPITAL IMPROVEMENT BUDGETS FOR FISCAL YEAR 2004.

THIS BUDGET WILL ENABLE CITY GOVERNMENT TO CONTINUE ITS FUNDAMENTAL WORK OF PROVIDING HIGH QUALITY SERVICES IN A HIGHLY RESPONSIVE AND COST EFFECTIVE MANNER.

I APPLAUD MY EXECUTIVE STAFF, DIVISION DIRECTORS AND THEIR STAFFS FOR THE TREMENDOUS EFFORTS AND ASSISTANCE PROVIDED IN DEVELOPING THIS BUDGET, PARTICULARLY IN THESE CHALLENGING ECONOMIC TIMES.

IN CLOSING, AS LEADERS OF THIS GREAT CITY, OUR CONTINUING CHALLENGE IS TO PROVIDE PROGRESSIVE, DYNAMIC LEADERSHIP THAT ENABLES MEMPHIS TO ACHIEVE ITS VISION OF BECOMING A GLOBAL CITY OF CHOICE—A GREAT CITY THAT LEAVES THIS LASTING IMPRESSION: **“MEMPHIS: THE CHOICE IS CLEAR.”**

THANK YOU.

**END**